



To: State Unit Directors
From: Martha Roherty
Re: Title II of the Patient Protection and Affordable Care Act (PPACA)
Date: June 16, 2010

This memo is intended to summarize the all-state call held on June 16, 2010 to discuss Title II of the Patient Protection and Affordable Care Act, "The Role of Public Programs." Specifically, NASUA will focus on the provisions in Title II that affect the Medicaid Coverage Expansion and long-term services and supports under Medicaid.

The purpose of the call is to update NASUA members on several areas of interest.

1. FMAP Update
2. NASUA's analysis of Title II
3. Calendar of upcoming dates
4. Next Steps for NASUA Members
5. Next Steps for NASUA

FMAP UPDATE

Earlier today, Senate Democrats were unable to find the 60 votes needed to defeat Republican challenges to the Senate's substitute amendment to the "Extenders" bill the House passed before recessing for Memorial Day. Unlike the House bill, the Senate version included a 6 month extension of the ARRA-enhanced FMAP.

Congressional concern over the impact of the package on the federal deficit is hampering passage, with the substitute estimated to have increased the deficit by nearly \$80 billion. Additionally, disagreement continues as to whether the bill should be completely paid for, or if some provisions, such as the FMAP extension, should be treated as emergency spending and therefore exempt from the offset requirements.

As a result of this morning's 45-52 vote, the substitute amendment has been withdrawn. Later this afternoon, Sen. Max Baucus (D-Mont.), chairman of the Finance Committee, is expected to unveil a new package with scaled-back versions of the benefits that were included in the withdrawn measure.

It is unclear what programs will be removed or scaled back in next version. With no offsets, a 6 month extension of the FMAP is estimated to increase the federal deficit by \$24.2 billion, making it one of the larger components of the withdrawn amendment, and extending the doc-fix through 2011 has a \$22.9 billion price tag.

NASUA's ANALYSIS OF TITLE II

Please note that all of NASUA's analysis covering Title II is available at www.nasua.org

I. Medicaid Expansion

- a. Coverage Expansion to all individuals under the age of 65 with incomes at or below 133% FPL by January 1, 2014.
- b. The Expansion will be financed through a 100% FMAP from 2014 – 2016, and this percentage of federal assistance will decrease annually beginning in 2017, until it reaches 90% for 2020 and beyond.
- c. State option to expand Medicaid coverage earlier to this new group of mandatory eligibles, from April 1, 2010 to January 1, 2014.
- d. State option to expand Medicaid coverage to higher income individuals, on January 1, 2014.

II. Streamlining

- a. Federal Coordinated Health Care Office
 - i. This office has already been established, and it is located within CMS. The purpose of the office is to facilitate the coordination between Medicaid and Medicare.
- b. Medicaid Bundled Payments Demonstration Project
 - i. Up to 8 states may participate in a this demonstration project, and it is designed to evaluate the efficacy of payment bundling for certain Medicaid services.

III. Long-Term Services and Supports available through optional state plan amendments

- a. Community First Choice Option
 - i. Beginning October 1, 2011, states can amend their state plans to provide HCBS to individuals who are eligible to receive assistance with ADLs and health related tasks because of their income levels or clinical eligibility. Participating states will receive a six % FMAP increase with respect to this assistance.
- b. State Balancing Incentive Payments
 - i. During the balancing incentive period, October 1, 2011 – September 30, 2015, states spending less than 50 percent of their total state Medicaid long-term medical assistance dollars on non-institutionally based long-term services and supports may receive an enhanced FMAP of either 2 or 5 percent to rebalance their state Medicaid programs.
- c. Medicaid Health Homes
 - i. Qualifying individuals with chronic conditions may choose to designate a provider or health team to serve as their health home. The state will pay the health home for applicable services provided to these consumers. For the first two years the state plan amendment is in effect, the state will receive a 90% FMAP with respect to these payments.

IV. Long-Term Services and Supports available through Federal programs

- a. Money Follows the Person
 - i. MFP is extended through 2016. The institutional residency period is decreased from 6 months to 90 days, but any time a beneficiary spends in an institution receiving short-term rehabilitative services will not be counted towards this residency requirement.
- b. HCBS Spousal Impoverishment Protections
 - i. The protections that the Social Security Act currently affords spouses of Medicaid beneficiaries receiving institutional care will be extended to the

spouses of Medicaid beneficiaries who receive HCBS for five years, from January 1, 2014, through December 31, 2019.

- c. Funding to Expand ADRCs
 - i. For each of fiscal years 2010 through 2014, \$10 million is appropriated to create and strengthen the ADRC program.

CALENDAR

July 14: All state call on PPACA Title III, “Improving the Quality and Efficiency of Health Care”

August 4: All state call on PPACA Title IV, “Prevention of Chronic Disease and Improving Public Health”

August 18: All state call on PPACA Title VI, “Transparency and Program Integrity”

September 8: All State Call on PPACA Title VIII, “CLASS Act”

NEXT STEPS FOR MEMBERS

1. Each state will need to submit a list of questions on Health Care Reform to NASUA on implementation, via HCR survey: <https://www.surveymonkey.com/s/XC53LHH>. We will compile the list of FAQ for HHS.
2. Each state will be asked to name two members from each state that will be able to help us during the health care implementation and transition, using the same survey mentioned above.
3. Please continue to submit to NASUA any questions you may have regarding health reform
4. Check our website for health reform information by visiting www.nasua.org, and clicking the green button, “Health Reform and CMS Guidance” on the left side of the homepage.

The information s available includes:

- a. Guidance from HHS, AoA, and CMS will be posted
 - b. Links are put on the website
 - c. NASUA briefs, analysis and timelines
5. Register for June membership meeting (June 27-29)
 6. Register for HCBS conference (Sept. 26-29, Sept 26th is the membership meeting)

NEXT STEPS FOR NASUA

1. NASUA will continue to participate on a variety of coalitions and working groups in order to present members with a collaborative interpretation of health reform and implementation
2. NASUA will continue to analyze the bill title by title, and to add to our ongoing series, “Long-Term Care in Brief” by coordinating the release of these documents with the analysis of the PPACA title in which they are contained
3. NASUA is continuing to collect a list of FAQs and reports of fraudulent activities; we encourage you to submit this information to NASUA as you receive it.
4. NASUA is continuing to circulate its health reform analysis throughout the network, and to make it available on our website